



City of Biggs

Agenda Item Staff Report for the Regular City Council Meeting: February 28, 2011 6:00PM

DATE: February 18, 2011
TO: Honorable Mayor and Members of the City Council
FROM: Pete Carr, City Administrator
SUBJECT: NCPA Membership Analysis Update (Discussion)

City administrator will discuss early progress in researching and evaluating the city's membership in NCPA, and initial consideration of alternatives for feasibility analysis.

Background:

The City of Biggs makes both policy and practice of examining the value and currency of all contractual relationships from time to time. A schedule guide for these reviews, as well as recent JPA experiences and cost increases in services, prompted the city to add NCPA membership analysis to the 2011 list of project priorities.

The Electric Fund represents over three times the revenue of all three other city enterprises (water, sewer, solid waste) combined, and six times the value of General Fund revenues. Biggs is the state's smallest municipal electric utility, and one of the oldest. As a founding member of 40-year old NCPA, the city exercises governance over its electric utility at the city council and at the JPA commission level.

NCPA provides Biggs facilitation of contract power purchases, portfolio advice, participation in generation projects (like Geysers geothermal and Lodi Energy Center), real-time power management, industry education, training opportunities, public utility networking, coordination of various reporting and other compliance requirements, and legislative and regulatory advocacy. NCPA's talented and expert staff functions as an extension of Biggs' city staff in planning and operating the electric utility. Physical distribution system maintenance is accomplished by contract with Gridley utilizing the Gridley-Biggs Electric Department.

So far the list of options appears to be as follows, not necessarily in any particular order:

1. Stay in NCPA at current level of service and cost
2. Stay in NCPA at a modified level of service and cost
3. Become a Western Area Power Administration (WAPA) direct customer

4. Become a Plumas-Sierra Rural Electric Cooperative member
5. Become a direct PG&E wholesale customer
6. Become a PWPR (Power and Water Resources Pooling Authority) member

Each of these options demands its own complex analysis, with many advantages and disadvantages not necessarily readily apparent. Immediate cost cannot be the sole factor; additional factors include type of services, quality of services, depth of staff resources, legal obligations, governance authority, and long term implications.

Option 1 is best known. Options 2 and 3 are being investigated most thoroughly. Options 4, 5 and 6 are less likely to be viable due to governance and geographic considerations, even if economics bear out.

An expert consultant has been identified who is willing and able to assist the city in the analysis once all the appropriate data has been collected and initial in-house assessments completed.

Attachments: none

Recommendation:

None at this time.

Fiscal Impact:

No direct cost incurred at this time, but substantial administrator time is devoted.